



State of Wisconsin
Department of Public Instruction
Elizabeth Burmaster, State Superintendent

*****NEWS RELEASE*****

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Burmaster unveils standards for personal financial literacy

MADISON—State Superintendent Elizabeth Burmaster unveiled “Wisconsin’s Model Academic Standards for Personal Financial Literacy” today, praising the work of the task force that developed the standards.

“Personal financial literacy is vital for all students to be financially successful,” Burmaster said. “These standards will help young people understand how to be wise consumers, savers, and investors so that they and their families are economically secure.”

Appointed by Burmaster in March 2005 with support from the Department of Financial Institutions, the personal financial literacy task force reviewed existing national standards, came to a consensus on seven content standards, and sought web-based input to clarify and refine the standards for personal financial literacy. Those standards for what students should know and be able to do are benchmarked at fourth, eighth, and 12th grades. They cover relating income and education; money management; credit and debt management; planning, saving, and investing; becoming a critical consumer; community and financial responsibility; and risk management.

“Task force members gave generously of their time to shape standards that will help educators prepare our students for the global economy,” Burmaster said. “By developing and implementing a curriculum that includes personal financial literacy, we will ensure that young people develop the financial awareness that will help them navigate the modern financial marketplace.”

An estimated 80 percent of Wisconsin students work while they are in high school, and nearly one-third have personal checking accounts and credit cards in their own names. While today’s students have easy means to spend money and incur debt, they do not have as easy access to the savings tools that

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can help them build a financial future that might include further education, a home purchase, or starting a business.

The financial choices that today's students face have expanded well beyond what their parents or grandparents dealt with as teens and young adults. From college savings plans, to investment funds, and various retirement accounts to the wide range of borrowing options, students need to learn how to make wise decisions about financial products so they avoid excessive debt and have adequate savings to meet their dreams.

In the last decade, Wisconsin experienced tremendous growth in nontraditional credit products such as those offered by payday lenders, rent-to-own businesses, and auto title companies. This high-cost credit, with annualized interest rates of 300 percent to 1,000 percent, can have a huge social and economic impact on families, communities, and our state's economy. Over the past 15 years, the state has seen personal bankruptcy filings increase by more than 100 percent.

"The explosion of financial products and consumer choices makes it truly important that we provide our students with practical knowledge that will help them succeed financially," Burmaster said. "These standards will support Wisconsin's efforts to invest in its people, which will keep our state growing and thriving."

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ATTACHMENTS: A list of the seven content standards from the Wisconsin Personal Financial Literacy Task Force, as well as a list of task force members, follows.

NOTES: An electronic copy of the standards is available on the Department of Public Instruction Content and Learning Team website < <http://www.dpi.wi.gov/cal/index.html> >. Printed copies of "Wisconsin's Model Academic Standards for Personal Financial Literacy" will be available for purchase from the Department of Public Instruction Publication Sales, (800) 243-8782, or visit < dpi.wisconsin.gov/pubsales >.

Wisconsin's Model Academic Standards for Personal Financial Literacy

Content Standards

A. Relating Income and Education

Students in Wisconsin will understand the relationship between education, income, career, and desired lifestyle and will develop the planning skills needed to achieve desired financial goals.

Rationale: Establishing short-range and long-range financial goals is an essential part of financial literacy. This process begins while a person is in school and continues throughout life. A clear understanding of the interconnectedness of educational attainment, career choices, entrepreneurial attitudes, economic conditions, and desired lifestyle will help to shape goals and increase the likelihood of reaching them.

B. Money Management

Students in Wisconsin will manage money effectively by understanding and developing financial goals and budgets.

Rationale: Money management is the basis of being financially responsible. Learning how to plan, develop, use, and maintain a personal budget is the first step in being able to make quality successful financial choices and decisions. The ability to apply positive money management skills, set financial goals, and understand effective cash flow strategies are the next steps that will allow students to be responsible consumers in our society.

C. Credit and Debt Management

Students in Wisconsin will make informed decisions about incurring debt and will manage indebtedness to remain both credit worthy and financially secure.

Rationale: Most people incur debt and seek credit for major purchases such as a home, car, education and/or business. The ability to choose the most advantageous sources and forms for financing has long-term benefits. It is essential to make informed decisions when incurring debt, understand the true costs of credit, and develop skills for managing existing debt.

D. Planning, Saving, and Investing

Students in Wisconsin will understand the value, features, and planning processes associated with saving and investing, and be able to apply this knowledge to long-term financial security and wealth.

Rationale: Financial institutions, investment options, avenues for financial research, the economic history and

performance of investments, and appropriate application of basic economic principles are all essential features of planning, saving, and investing. Utilizing information from these and other sources will lead to wiser decisions for individual, family, and business financial planning.

E. Becoming a Critical Consumer

Students in Wisconsin will know and use available consumer resources and make responsible choices by applying economic principles in their consumer decisions.

Rationale: The increasing scope of product and service choices makes it essential that citizens know their resources, rights, and responsibilities as consumers. This includes an understanding of the role of contextual factors in decision-making as well as the role of advertising, sales techniques, consumer laws, and consumer organizations. The ability to analyze opportunity costs, value, and benefits of products and services is an essential skill for consumers.

F. Community and Financial Responsibility

Students in Wisconsin will understand the personal and social impact of their financial decisions within their family, the local community, and global community, as well as ethical and legal considerations within the processes for generating income, profit, and personal wealth.

Rationale: The broader implications of personal financial decisions were never more critical than in today's expanding global economy. The current reality and potential for building and using personal wealth includes the need for a sense of responsibility to the broader community and recognizing their interdependence. This also requires an understanding of legal rights and responsibilities, and is part of being a good citizen.

G. Risk Management

Students in Wisconsin will understand the features and role of insurance in financial planning and be able to analyze and balance risk against benefits in financial planning.

Rationale: Major, unexpected financial losses or needs can affect the financial status of an individual or family for years. In addition to avoiding unreasonable risks in saving and investing, contemporary economics also requires that insurances—including life, property, health, liability, and disability—be part of personal, family, and business financial planning.

*State Superintendent's Task Force on
Wisconsin Model Academic Standards for Personal Financial Literacy*

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